

IMPORTANT NOTICE: The current official version of this document is available via the Sandia National Laboratories NWMP Online Documents web site. A printed copy of this document may not be the version currently in effect.

NUCLEAR WASTE MANAGEMENT PROGRAM PROCEDURE



NP 4-1
PROCUREMENT
Revision 5

Effective Date: 03/01/02

Author: Deborah K. Belasich Original signed by Deborah K. Belasich 2/28/02
(printed name) (signature) date

1.0 Purpose and Scope

This procedure specifies the process used to procure materials and/or services for Sandia National Laboratories (SNL) Waste Isolation Pilot Plant (WIPP) project activities. This procedure defines the steps needed to complete a procurement, and ensures procurements are planned and controlled.

Note: A Flowchart of the procurement process is included in Appendix B. Acronyms and definitions for terms may be found in the NWMP Glossary.

This procedure is applicable to all SNL WIPP staff members and SNL contractors who procure materials, products, and/or services for the WIPP project. Actions for procurement using the Oracle system are included.

This procedure does not:

- apply to the process of obtaining government-furnished or SNL-owned new or surplus materials;
- apply to SNL Staff Augmentation contracts;
- replace or supersede any Sandia National Laboratories business rules, Corporate Process Requirements, or purchasing instructions related to procurements.

2.0 Implementation Actions

2.1 Procurement Planning

2.1.1 Initiating a Procurement Action

Complete Sections 1 through 4 of Form SP 1-1-1 (Procurement/Receipt Inspection) to determine and document the quality level of the item(s) or service(s) to be purchased (refer to SP 1-1 for additional guidance). The Quality Level assigned to the items or services to be purchased will determine the procurement process followed:

- Items or services graded QL-1 or QL-2 may be purchased using a Purchase Requisition (PR), or by following the SNL Just-in-Time (JIT) process, or by using a Procurement Card, or Credit Card. These procurements shall be made following the process defined in Section 2.1.2 through Section 4 of this procedure.
- Items or services graded QL-3 (not quality affecting) should be purchased using Sandia National Laboratories corporate procurement policies. These procurements may be made using a PR, the SNL Just-in-Time system, a Procurement Card, or a Credit Card. The procurement process defined in Section 2.1.2 through Section 4 of this procedure does not need to be followed.
- For an “administrative change” (see the NWMP Glossary) to an existing contract, e.g., a change to the Funds Available or the Period of Performance of the contract, a Purchase Requisition or Oracle PR Worksheet should be completed and provided to the Budget/Procurement Specialist directly. The procurement process defined in Section 2.1.2 through Section 4 of this procedure does not need to be followed.

2.1.2 Quality Requirements Documentation

Prior to procuring any item or service for the WIPP project, it is important for the SDR or delegate to specify any quality requirements necessary for the purchased item or service to meet WIPP quality assurance standards e.g., calibration or performance standards, specifications, etc. These quality requirements are recorded on the Form SP 1-1-1 in Section 3, Quality Requirements, or attached to the Form SP 1-1-1 and referenced in the Quality Requirements block.

2.1.3 Supplier Selection

Selection of suppliers to whom a contract, Purchase Order (PO), or Request for Quotation is sent is the responsibility of the Sandia Contracting Representative (SCR) in the SNL Purchasing Department, so is not within the scope of this procedure. However, the SDR/Requester may recommend suppliers to the SCR. To identify preferred suppliers, the SDR/Requester shall conduct an evaluation of the potential suppliers' capability to provide products or services in accordance with the technical and QA specifications of the procurement document. One or more of the following measures shall be utilized:

- Evaluation of the supplier's history of providing identical or similar products which were found to perform satisfactorily, or services which were found to be acceptable. Refer to NP 4-1, Section 2.4 and SP 1-1, Section 2.3.2.
- Evaluation of the supplier's current QA documentation, supported by any documented qualitative or quantitative information concerning the effectiveness of their QA program.
- Determination of the supplier's technical and QA capability derived by evaluating the supplier's facilities, personnel, and quality program implementation.

2.1.4 Procurement Document Preparation

Procurement Request Documentation:

The Requester/SDR shall prepare a Purchase Requisition or Oracle PR Worksheet which includes the following Statement of Work (SOW) requirements (as applicable):

- Technical/performance requirements for the materials or services. Requirements from Test Plans, Design Plans, or Analysis Plans should be cited. Drawings and specifications for manufactured or fabricated materials may be included.
- Contract deliverables/milestones, including the criteria for their acceptance.
- A contract Period of Performance (POP).

- A QA section which specifies QA requirements applicable to contract activities/products/services.
- A requirement (where appropriate) for the supplier to incorporate equivalent QA requirements into any sub-tier, supplier-issued procurement documents.
- Provisions for right of access to supplier facilities and records for inspection or audit by SNL, DOE, or other SNL-authorized designees.
- Specification of any “hold points” beyond which work cannot proceed without SNL authorization.
- The proposal and bid evaluation criteria for procurements which are to be competitively bid (See Appendix A).

QA Requirements Section:

In the QA section of the PR or PR Worksheet, one of the three approaches identified below shall be specified:

- The Contractor shall work directly under the current implementing procedures of the SNL WIPP QA program.
- The Contractor shall develop and maintain their own QA program and implementing procedures which must meet the upper tier QA requirements specified in the Statement of Work (SOW).
Note: A hold point requiring that the Contractor QA Program Document or Implementing Procedures be reviewed and approved by SNL QA prior to the start of data collection, analysis, or other technical work must be included in such procurements.
- The Contractor shall develop and maintain their own QA program and implementing procedures which must meet the upper tier QA requirements specified in the SOW, plus certain SNL WIPP QA procedures specified, e.g., Software QA. *Note: A hold point requiring that the Contractor QA Program Document or Implementing Procedures be reviewed and approved by SNL QA prior to the start of data collection, analysis, or other technical work must be included in this type of procurement.*

(Note – For the latter two alternatives above, if the SDR believes that Contractor work must start prior to SNL approval of the Contractor QA Program Document or procedures, the SDR shall specify in the QA Requirements Section that the Contractor begin work under the SNL QA Program and then transition in a planned manner to work under their QA Program following its approval.

(The set of documents associated with a procurement request, e.g., the PR, PR Worksheet and attachments, JIT, Procurement Card, and Credit Card are subsequently referred to as the procurement document package.)

Bid Evaluation Criteria and Plan:

For procurements that are to be competitively bid, the Requester must include in the procurement documentation the criteria that bidders must address in their proposals. The Requester must also prepare a Bid Evaluation Plan (See Appendix A) as part of the procurement document package.

2.1.5 Procurement Document Reviews

The Requester/SDR shall submit the procurement document package for technical and QA reviews. These reviews shall be documented on a Form SP 1-1-1.

Technical Review:

The technical review shall be performed by an independent individual who is technically competent in the subject area related to the purchase requisition. The technical review should include a review of the technical specifications in the SOW to verify that contract activities/objectives are clearly described, and that the SOW is technically adequate, accurate, and complete. Completion of the technical review is documented on the Form SP 1-1-1. The Requester/SDR shall resolve any comments, and incorporate results in the procurement documents.

QA Review:

An independent SNL WIPP QA staff member shall perform the QA review. The QA review should verify that the SOW specifies appropriate QA requirements, and that the requirements of this procedure are met. Completion of the QA review is documented on the Form SP 1-1-1. The Requester/SDR shall resolve comments, and incorporate results in the procurement documents.

Upon obtaining technical and QA reviews, the Requester/SDR will deliver the procurement document package to a Budget/Procurement Specialist (BPS) for further processing.

2.1.6 Budget/Procurement Specialist Processing

The BPS shall check the procurement document package for completeness, verifying that the following are present:

- The Purchase Requisition/Change Requisition,
- The SOW, if the procurement calls for one,
- A completed Form SP 1-1-1.

Once the procurement documents are verified as being complete, the BPS inputs the PR into the Oracle System, and prepares and submits the procurement document records package to the WIPP Records Center (see Section 3.0) after the Purchase Order is complete.

Once the Request-for-Quotation (RFQ), contract, or change amendment is available, the BPS shall make a copy of the RFQ and contract, or any non-administrative change amendments, and submit them to the SNL WIPP Records Center in accordance with Section 3.0.

2.2 Proposal/Bid Evaluation

For competitively-bid procurements, potential suppliers shall submit proposals (or “bids”) in response to the Request for Quotation issued by the Corporate SNL Purchasing Department. The Requester/SDR shall conduct a bid evaluation, in accordance with the bid evaluation plan, and report the results to the SCR. See Appendix A for requirements applicable to bid evaluation.

2.3 Existing Contract Change Requests

The Requester/SDR shall prepare and process changes to procurement documents as specified in Sections 2.1.4 through 2.1.6 above, including technical and QA reviews. However, administrative changes (see the NWMP Glossary) do not require technical or QA reviews and, consequently, do not require the signatures of those reviewers.

2.4 Supplier Performance Evaluation

SNL WIPP QA, in conjunction with the Requester/SDR, shall determine the methods of evaluating supplier performance. The extent and type of evaluation will be a function of the relative importance, complexity, and nature of the procured materials or services, plus the supplier's history of quality performance. Evaluations may include supplier audits or surveillances, planned and conducted in accordance with NP 18-1 (Audits and Surveillances). As a minimum, the Requester/SDR shall evaluate supplier performance by means of determination of the acceptability of the provided products or services (see Sections 2.5 and 2.6). This supplier evaluation information shall be entered in a Procurement Quality Tracking database maintained by Document Control. The data for the Procurement Quality Tracking database is derived from the Form SP 1-1-1.

2.5 Acceptance of Equipment/Items (Receipt Inspections)

Upon receipt of procured equipment or items which have been classified QL-1 or QL-2 in accordance with SP 1-1 (including JIT, Procurement Card, and Credit Card orders), the equipment/item shall be inspected to verify that it is in serviceable condition, and that all quality requirements specified on the Form SP 1-1-1 (Procurement/Receipt Inspection) have been met. This receipt inspection shall be conducted by an individual who has been designated in writing as an SNL WIPP Receipt Inspector (training and qualification of Receipt Inspectors is covered in Section 2.5.1 below). The Receipt Inspector must have adequate technical knowledge of the item to determine if the specified quality requirements are present in the item as received. If an appropriate Receipt Inspector is not available at the time the item is delivered, the individual who accepts the item from the delivery person shall visually inspect the item/shipping container for damage, and secure the item to prevent damage or theft. This action does not take the place of the SNL WIPP receipt inspection, which must be conducted subsequently by an authorized Receipt Inspector.

The Receipt Inspection shall be conducted and documented using the form SP 1-1-1 (Procurement/Receipt Inspection) for that equipment/item.

2.5.1 Receipt Inspection Personnel

SNL WIPP Receipt Inspectors shall be designated in writing, and shall complete specific training to perform this function. This training will address the intent of the QA requirements contained in NP 4-1 and SP 1-1, as well as how to implement required actions, e.g., how to conduct and document receipt inspections properly.

2.5.2 Equipment or Item Received Meets Requirements

If the receipt inspection verifies that the equipment or item meets the requirements specified in the Purchase Order, JIT, Procurement Card, or Credit Card, the completed Procurement/Receipt Inspection form, Form SP 1-1-1, shall be submitted to SNL WIPP Document Control. The Document Control staff shall review the completed Procurement/Receipt Inspection form, and record the results in the Procurement Quality Tracking database. The Document Control staff shall then submit the Procurement/Receipt Inspection form to the SNL WIPP Records Center.

2.5.3 Equipment or Item Received DOES NOT Meet Requirements

If the receipt inspection reveals that the equipment or item does not meet the requirements specified, the person who performed the receipt inspection shall describe the deficiency in detail on the Procurement/Receipt Inspection form, and submit the completed form to an SN L WIPP QA Staff member who shall determine if a Corrective Action Request should be initiated in accordance with NP 16-1 (Corrective Action). The Procurement/Receipt Inspection form shall then be forwarded to

Document Control. The Document Control staff shall document the deficiency in the quality tracking database, and submit the Procurement/Receipt Inspection form to the SNL WIPP Records Center.

2.6 Evaluation of Services

At least annually, SDRs shall assess the performance of suppliers who provide services, and report the results of this assessment on a Procurement/Receipt Inspection form.

If the SDR determines that the supplier of the service **DOES meet** quality requirements specified, and/or level of quality desired, the process in Section 2.5.1 shall be followed.

If the SDR determines that the supplier’s service **DOES NOT meet** quality requirements specified, and/or level of quality desired, the process in Section 2.5.2 shall be followed.

3.0 Records

The following QA records, generated through implementation of this procedure, shall be submitted to the WIPP Records Center in accordance with NP 17-1 (Records):

<u>QA Record</u>	<u>Preparer</u>	<u>Records Submitter</u>
• Procurement documents – PR/CR or PR Worksheet and attachments.	Requester/SDR	BPS
• Copies of RFQs and contracts and copies of change amendments (except those for administrative changes).	SCR	BPS
• Copies of disapproved Invoice Actions (for unsatisfactory service).	Requester/SDR	Requester/SDR
• Documents indicating review and approval of Contractor QA Programs	QA Reviewer	QA Reviewer

4.0 Appendices

Appendix A:	Bid Evaluation Planning, Proposal Criteria, and Conduct of Bid Evaluation
Appendix B:	NP 4-1 Process Flow Chart

Appendix A

Bid Evaluation Planning, Proposal Criteria, and Conduct of Bid Evaluation

General

Competitively-bid procurements, for which proposals will be solicited from a number of potential suppliers, require additional aspects, beyond the basic Statement of Work, to appear in the procurement documents that lead to the Request for Quotations. To create those additional aspects, the Requester/SDR should accomplish the following:

- Develop a plan and criteria for evaluation of the proposals.
- Develop instructions to potential bidders defining what their proposals must address concerning their capability to perform the work to be contracted.

Many Requesters find it most efficient to develop the plan and criteria for the bid evaluation first, and then to develop the instructions and criteria that the bidders must follow and address.

Bid Evaluation Planning and Criteria

The Requester/SDR shall plan the bid evaluation effort. The plan shall indicate who will perform the evaluation; QA staff shall be included among the evaluators. The plan may call for other individuals representing technical, administrative, or subject matter areas, each of whom must be qualified in their respective areas of expertise. The Requester/SDR shall designate the specific bid evaluation team members.

The bid evaluation plan may include a grading or scoring scheme based on the bid evaluation criteria. The Requester/SDR should coordinate the bid evaluation team's application of the scoring scheme to the proposals.

The Requester/SDR shall establish criteria for evaluation of the submitted proposals against the proposal criteria specified in the RFQ (see below). Those bid evaluation criteria shall include the ability of the supplier to fulfill QA Program requirements and shall also include one or more of the below-listed criteria:

- Technical considerations, e.g., minimum or distinguishing technical capability of the supplier in terms of equipment, facility, skills, or proprietary capability,
- Supplier's personnel skills,
- Supplier's production capability,
- Supplier's established past performance, and
- Consideration of alternative criteria or exceptions to criteria proposed by a supplier.

The bid evaluation plan may include evaluation of the potential suppliers' capabilities based on an on-site visit. This evaluation should assess the suppliers' personnel, facilities, equipment, on-going activities, and QA implementation.

Proposal Criteria

The Requester/SDR shall develop instructions and criteria for bidders' proposals, and RFQs. The instructions and criteria shall clearly state what information must be included in responses/proposals, based upon the potential supplier's capabilities related to anticipated work activities. These instructions and criteria should allow for effective bid evaluation, and award determination.

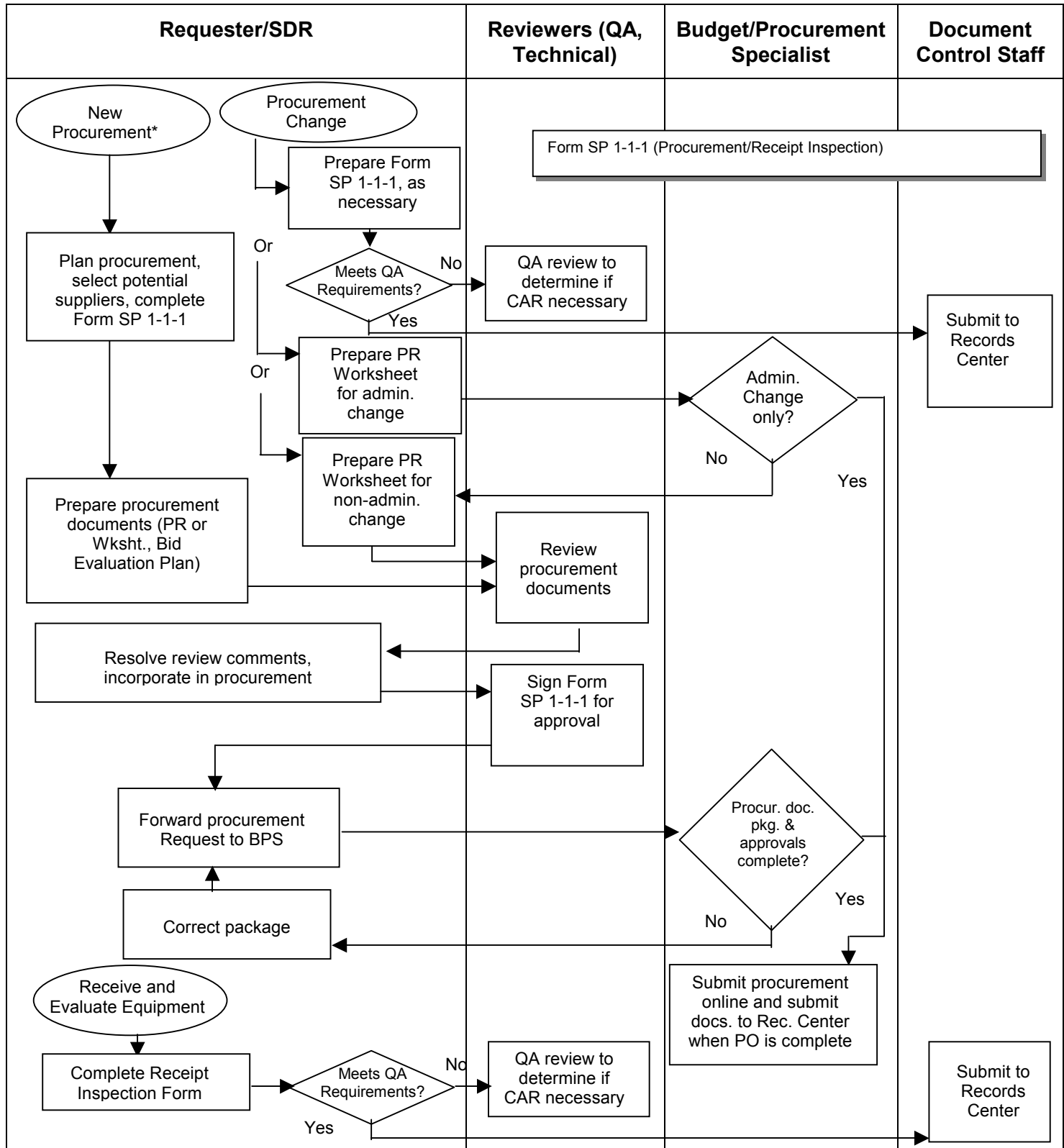
Bid Award Open Items

If deficiencies exist concerning the capability of the supplier selected for bid award, the Requester/SDR, working through the Buyer/SCR, shall resolve those issues, or obtain commitments from the supplier to resolve, those deficiencies **prior to contract award**.

Even though the bid evaluation process shall include an evaluation of the supplier's QA program, the supplier's QA Program must be formally reviewed and accepted by SNL WIPP QA **prior to the supplier beginning technical work** under the contract. A hold point may be established to ensure this is accomplished.

Appendix B

Procurement Process Flow Chart



NOTE: Bid evaluation, supplier performance evaluation, control of supplier nonconformances, and acceptance of materials or services are addressed in the procedure text.

*Procurement may be a Purchase Requisition, JIT, Procurement Card, or Credit Card method of procurement.

NOTICE: This document was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, nor any of their contractors, subcontractors, or their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness or any information, apparatus, product or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process or service by trade name, trademark, manufacturer, or otherwise, does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government, any agency thereof or any of their contractors or subcontractors. The views and opinions expressed herein do not necessarily state or reflect those of the United States Government, any agency thereof or any of their contractors.

This document was authored by Sandia Corporation under Contract No. DE-AC04-94AL85000 with the United States Department of Energy. Parties are allowed to download copies at no cost for internal use within your organization only provided that any copies made are true and accurate. Copies must include a statement acknowledging Sandia Corporation's authorship of the subject matter.